

From: "Jay Randall" <jtr@CommunityBankIowa.com> on 03/26/2004 03:10:56 PM
Subject: Regulation BB - Community Reinvestment Act

As a community banker, I strongly endorse the federal bank regulators' proposal to increase the asset size of banks eligible for the small bank streamlined Community Reinvestment Act (CRA) examination from \$250 million to \$500 million and elimination of the holding company size limit (currently \$1 billion). This proposal will greatly reduce regulatory burden.

The small bank CRA examination process was an excellent innovation.

Adjusting the asset size limit also more accurately reflects significant changes and consolidation within the banking industry in the last 10 years. To be fair, banks should be evaluated against their peers, not banks hundreds of times their size.

Ironically, community activists seem oblivious to the costs and burdens. And yet, they object to bank mergers that remove the local bank from the community. This is contradictory. If community groups want to keep the local banks in the community where they have better access to decision-makers, they must recognize that regulatory burdens are strangling smaller institutions and forcing them to consider selling to larger institutions that can better manage the burdens.

Increasing the size of banks eligible for the small-bank streamlined CRA examination does not relieve banks from CRA responsibilities. Since the survival of many community banks is closely intertwined with the success and viability of their communities, the increase will merely eliminate some of the most burdensome requirements.

In summary, I believe that increasing the asset-size of banks eligible for the small bank streamlined CRA examination process is an important first step to reducing regulatory burden. I also support eliminating the separate holding company qualification for the streamlined examination, since it places small community banks that are part of a larger holding company at a disadvantage to their peers. While community banks still must comply with the general requirements of CRA, this change will eliminate some of the most problematic and burdensome elements of the current CRA regulation from community banks that are drowning in regulatory red-tape. I also urge the agencies to seriously consider raising the size of banks eligible for the streamlined examination to \$2 billion or, at least, \$1 billion in assets to better reflect the current demographics of the banking industry.

Sincerely,
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